# Marketing Healthcare Centers & Hospitals
# Session 1
# The Meaning of Marketing


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Marketing Process

1. Marketing, the broad definition.
2. Marketing  in health care organizations.
3. The elements of successful Marketing.
4. The Evolution of Marketing.
5. The dilemma of Needs & Wants.
6. The Marketing Culture.
7. Requirements for Organizational Marketing Success.


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Meaning of Marketing

The most widely accepted definition is that of

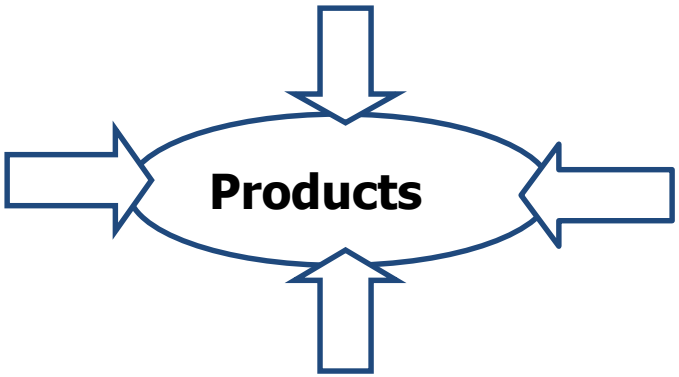
The American Marketing Association:

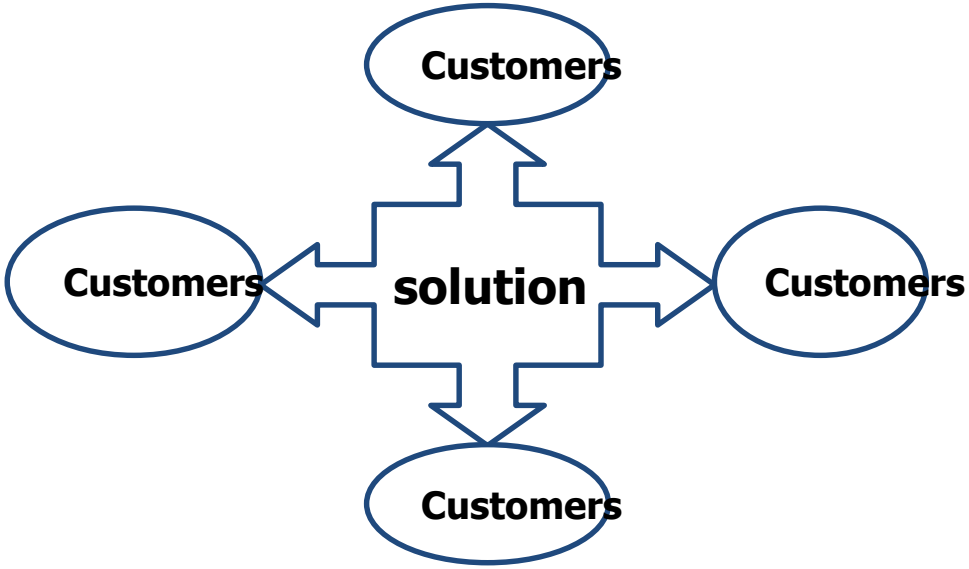
"Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives".


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Difference Between

## Sales & Marketing




INTROVERTED viewpoint:

- Inward looking
- Product oriented
- Has a shorter time scale
- Is about revenue this week

EXTROVERTED viewpoint:

- Outward looking
- customer oriented
- Has a longer time scale
- Is about profit this year


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

Selling focuses on the needs of the seller ,

Marketing focuses on the needs of the buyers


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Prerequisites for Marketing

**Marketing** includes several prerequisites conditions that must exist before marketing occurs.

**First**

there must be two or more parties with unsatisfied needs.

**Second**

prerequisite for marketing is the desire or ability of one party to meet the needs of another.


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# What is Marketed?

Persons

Places

Services

Goods


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# What is Marketed?

- Experiences

  a trip to Disney World, Fantasy baseball camp, a cruise.

- Events

  trade shows, the Olympics, etc.

- Properties

  real estate as well as stocks and bonds.

- Organizations

  use marketing to connect with their target market.

- Information

  marketed by universities, textbook publishers, newspapers, etc.

- Ideas "Friends don't let friends drive drunk"


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Who Does Marketing

Traditionally, only for a **profit** commercial business in consumer or industrial settings conducted marketing.

In 1969 **Philip Kotler and Sidney Levy** two marketing academics wrote an article about **broadening** the concept of marketing.

Their writing was the first attempt to recognize that:

**for profit** & **non –profit** businesses can be engaged in marketing activities.


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing in Non profit Organizations

Viewing **the concept of exchange** as the core of marketing **allowed people to consider other areas** where marketing might also be useful **e.g.**

- fine arts centers,
- museums,
- hospitals
- schools

began to see the relevance of applying marketing strategies and tactics to their settings.

**(not for profit, non-profitable)**



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing in Healthcare

## Stages of Healthcare Marketing

**- 1950:** Hospitals and physicians, considered marketing inappropriate and even unethical.

The American Medical Association had within its codes of ethics a prohibition against advertising

**- 1960:** The Media relations in this era often consisted of answering reporters' questions about patients' conditions.


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing in Healthcare

## Stages of Healthcare Marketing

- **1970:** Some early attempts at advertising health services were made, and interest in marketing research was beginning to emerge.
- Marketing by the healthcare establishment was officially recognized in a conference on the topic during the mid-1970s, sponsored by American Hospital Association(AHA)
- 1975: Evanston hospital, in Illinois,

was one of the first hospitals to establish a formal Marketing position


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing in Healthcare

## Stages of Healthcare Marketing

**-1980:** Hospitals realized that marketing directly to consumers for such services as obstetrics, cosmetic surgery, and outpatient care could generate revenue and enhance market share.

**- 1990:** The consolidation of healthcare organizations into ever-larger systems resulted in the creation of larger organizations with expanded resources and more sophisticated management. Many executives entered the field from outside of healthcare, bringing a more businesslike atmosphere with them..


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing in Healthcare

## Stages of Healthcare Marketing

- **21 century**: healthcare organizations had come to consider marketing an essential function for healthcare organizations, and marketing resources were increasingly wed to strategic planning and development efforts.

-**2007:** Society for Healthcare Strategy and Market Development (SHSMD) survey of nearly 300 hospitals found that hospital marketing departments averaged 5% staff members and budgets of $1.2 million.


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing in Healthcare

In the early days of healthcare marketing
the debate was,
whether marketing was appropriate for healthcare industry.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Major Criticism of Marketing

Marketing Wastes Money



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing is Intrusive

© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing is Manipulative

© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing Will Cause Health Care Institutions to Compete

© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing Will Create Unnecessary Demand For Health Care

© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Reasons health services should be marketed:

- Builds awareness
- Serves as an information resource
- Enhances visibility and image
- Improves market penetration
- Increases prestige
- Attracts medical staff and employees
- Influences consumer decision making
- Counterbalance competitive marketing


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Benefits of Marketing

Improved Satisfaction of Patients



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing Evolution in Healthcare

In Egypt, for anyone involved in healthcare during the past 30 years, the term Marketing generated little emotional reaction.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Marketing Evolution in Healthcare

-In nowadays competitive health care environment, patients want and expect better health care services than they did in the past.

-Marketing became a major factor of hospitals and medical centers success.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Elements of Successful Marketing

## Marketing Research

Marketing research is a process in which there is

a systematic gathering of data from customers to identify their needs.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Marketing Mix

## The 4 P's

- Product
- Price
- Promotion
- Place

## The New 4 P's

- **People**
- Programs
- Processes
- Performance

## Impact on Customer



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The 4 P's & 4 C's of the Marketing Mix

## 4 P's

- Product
- Price
- Place
- Promotion

## 4 C's

- Customer Solution
- Customer Cost
- Convenience
- Communication


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The New Four Ps

**People**.....**C**onsideration (internal marketing )

**P**rograms..... **c**onsumer-directed activities

**P**rocesses....**c**o-ordination and **c**oncern

**P**erformance.....**c**onfirmation
(financial and nonfinancial implications )


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Elements of Successful Marketing

## 1.The Product

**Product** represents goods, services or ideas offered by a firm.

In our course the term **product** also will be used interchangeable with **healthcare services** and ideas.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Elements of Successful Marketing

## 2.Price

Focuses on what **customers** are **willing to pay** for a service.

For marketers the issue of price involves understanding the amount of money a customer is willing to exchange for the receipt for services or products.


© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Elements of Successful Marketing

## 3.Promotion

-For many people, promotion has historically meant advertising, and **advertising** has meant **marketing**.

-Promotion represents any way of **informing the marketplace** that the organization has developed a response to meet its needs, and that the exchange could be done.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Elements of Successful Marketing

## 4.Place

-Place represents the manner in which goods or services are distributed by a firm for use by consumers.

-Place might include **decisions** regarding the **location** or the **hours** a medical service can be accessed.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Dilemma of Needs and Wants

**Need** :

has been defined as a condition in which there is a deficiency of something**. (essential)**

**Example:** A consumer who needs to have medication for hypertension



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Dilemma of Needs and Wants

**Want :**

is defined as the wish or desire for something **(not essential)**

**Example:** A person may want medication to suppress the appetite & thus lose weight.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Marketing Culture

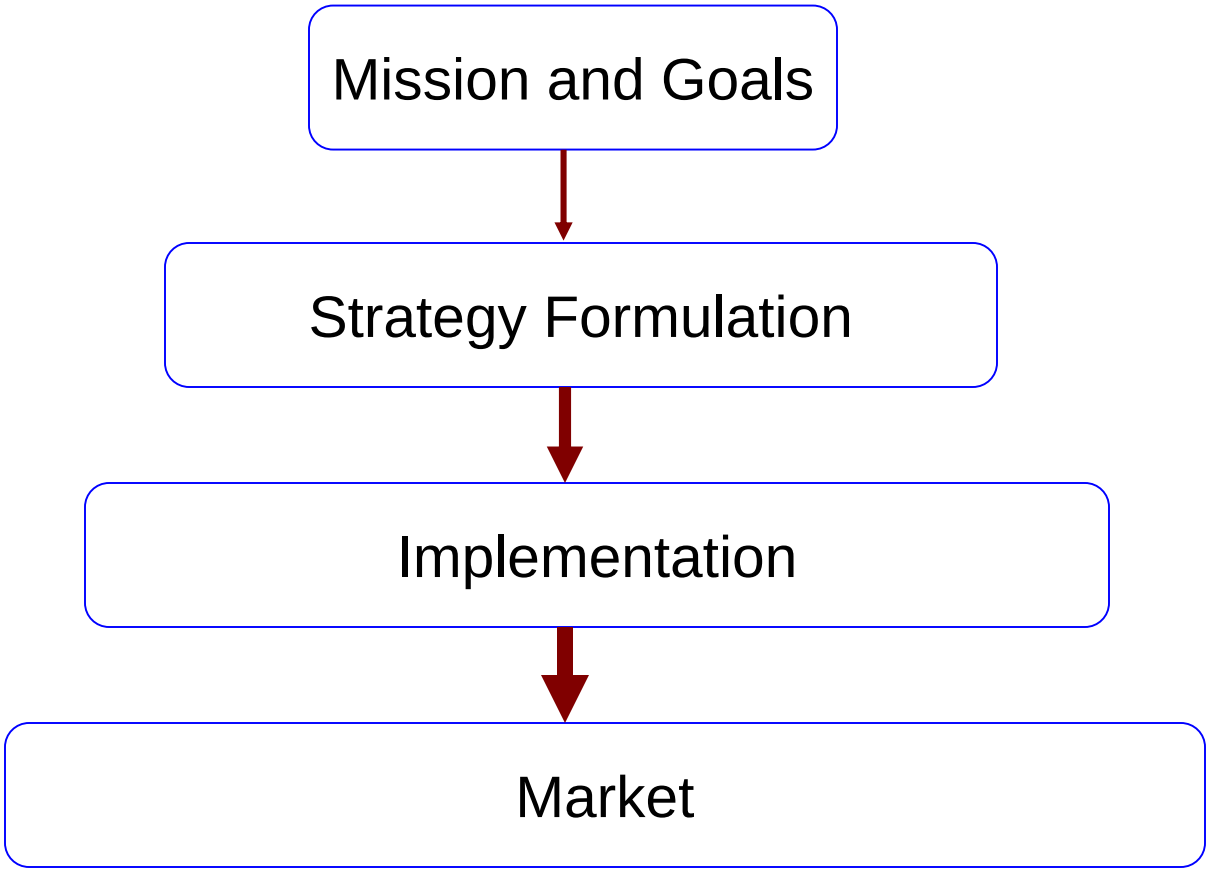
The focus of marketing no longer lies solely and the responsibility of the market department.

Some organizations achieve a final level of evolution, where marketing becomes part of the corporate culture, diffused through out all levels of the organization.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Non Marketing Driven Planning






© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# The Non Marketing Driven Planning

- The approach of delivering a service or health care product to the market is an internal-to-external development process.

- This approach is risky, because it relies on the market forecasting ability of people within the organization.

-The product is sold first. The challenge then is finding enough buyers willing to use the service or product at a level sufficient to make a profit.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# A Marketing-Driven Planning

The present competitive health care environment has prompted many organizations to adopt a marketing driven planning approach.

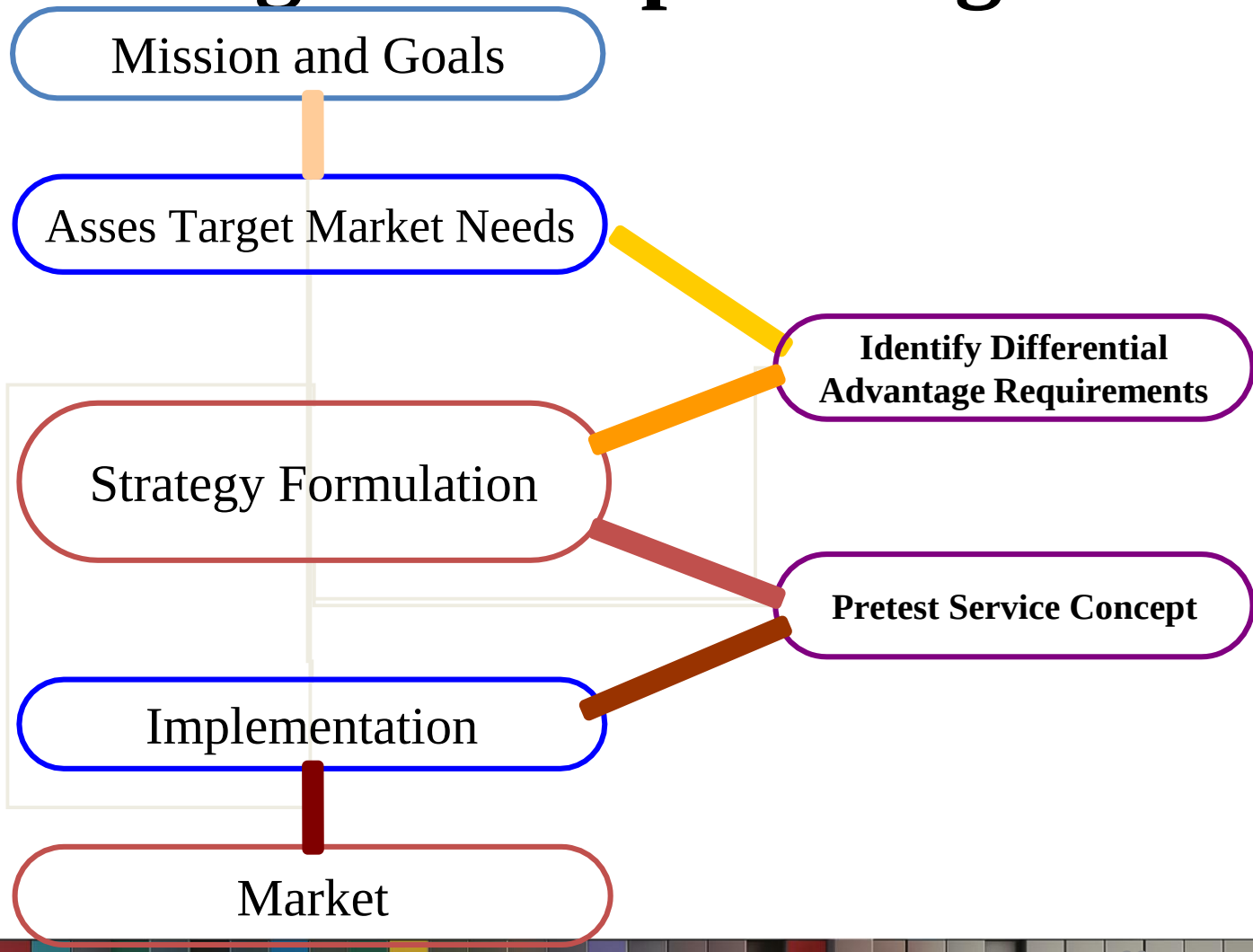
A marketing driven approach follows an external to internal, methodology.

First, there is an assessment of what the market wants, then the organization's response.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# A Marketing-Driven planning






© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Does Marketing Planning Guarantees Success?

Health care providers must realize that a marketing driven planning process does not guarantee success, but it does, however, minimize the probability of failure.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Requirements for Organizational Marketing Success

If marketing hasn't met the expectations of filling hospital beds or generating substantial numbers of new subscribers. The disappointment in marketing due to a lack of appreciation of what it means to be marketing driven, so the four prerequisites for successful marketing are:



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Requirements for Organizational Marketing Success

## 1.Pressure to be market–oriented

First, there must be pressure to be market-oriented.

There must be a shared view that is accepted through out the organization concerning the need for an improved marketing program.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Requirements for Organizational Marketing Success

## 2. Capacity to be market - oriented

The healthcare organization must have enough staff members, who are not only experienced & adequately trained, but also devoted to improving the organization's marketing effort.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Requirements for Organizational Marketing Success

## 3.Shared vision of the Market

A clear, shared vision of the market occurs when many questions must be answered:

1. Who are our key customers & stakeholders?
2. What are their needs?
3. How will our organization differentiate itself from other providers?



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved

# Requirements for Organizational Marketing Success

## 4.Action plan to respond to market

-Last, the organization must develop a clear set of actionable steps to respond to market needs.

-The best way to increase the effectiveness of the marketing function is to move toward a more customer – focused organizational structure.

With this type of organizational structure, the goal is to focus on solving customers problems rather than on products and strategic business units.



© Copyright 2015 Executive Education – School of Business The American University in Cairo. All Rights Reserved